

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Developing a Unified Intercarrier)	CC Docket No. 01-92
Compensation Regime)	

COMMENTS OF THE RURAL INDEPENDENT COMPETITIVE ALLIANCE

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SUMMARY

The Commission faces a daunting challenge as it seeks to reorder the world of intercarrier compensation created in many separate pieces in 1984, 1996 and a multitude of state decisions. The Rural Independent Competitive Alliance urges the Commission to consider in this proceeding the unique benefits to consumers that have been created by its member rural CLECs in areas historically relegated to inferior service by large ILECs. RICA members' operations are materially different from CLECs competing in dense urban areas and focused on business customers.

RICA members are essentially facilities-based carriers affiliated with rural ILECs that have overbuilt the generally obsolete and ill-maintained facilities of the large carriers to provide superior basic and advanced service, including broadband capabilities, to the neighboring communities. Because costs per subscriber in the low-density areas served by RICA members are substantially higher than average, rural CLECs cannot offer service at comparable and affordable rates without revenues from intercarrier compensation in addition to end-user charges.

RICA agrees that changes in the current system are needed, however, prolonged uncertainty as to the existence and levels of revenues such as switched access charges and universal service support will inhibit further expansion of the benefits of competition to other rural areas. While it studies the most difficult questions, the Commission can begin moving toward unification of rates for identical usage of carriers' facilities, bringing an end to various schemes for avoiding lawful charges, such as disguising the point of origin of a call, and ensuring all providers have comparable obligations to contribute to universal service support. The Commission should reject, however, the suggestion that

the problems with intercarrier compensation are so intractable that that it must eliminate switched access charges altogether.

Among the most serious shortcomings of the present system for rural CLECS are the rules, which specify that, both the level of access charges and the universal service support are determined not by the costs to serve the area, but by costs incurred by other carriers in other places. Despite the illogic of this system, virtually all the plans filed in this Docket either ignore CLECs in general or rural CLECs in particular, and would continue to tie rural CLEC cost recovery to factors unrelated to either costs of service or benefit to subscribers.

RICA is generally in agreement with many of the principles adopted by the Rural Alliance (the combination of the sponsors of the ARIC and EPG plans), such as unification of rates based on embedded costs, requirements that users of others networks compensate the network owners, retention of present interconnection rules, and establishing assurance of access to IP backbone capabilities.

The ICF plan, however, by tying CLEC rates to ILEC rates which quickly decline to zero, i.e., bill and keep, would cause severe, if not fatal harm to rural CLECs. Even rural CLECs competing with rural ILECs, would see major reductions in access revenue apparently without adequate provision for replacement by universal service support or other support plans. The ICF plan's reliance on a belief that the Commission has authority to preempt state regulation of intrastate access charges, at best will lead to protracted litigation and uncertainty. If the Commission concludes state and intrastate rates should be unified, it should obtain clear authority from Congress. At the same time it should obtain flexibility to unify other forms of intercarrier compensation.

The CBICC plan proposed by several large CLECS correctly recognizes many important aspects of intercarrier compensation such as establishing the right of any carrier to refuse to terminate traffic which comes to it in a form it cannot bill, and requiring that VOIP traffic originating or terminating on the public switched network is subject to the same access charges as any other call. RICA does not agree with CBICC, however, that the solution is to convert all access to a blended TELRIC tandem switching rate. At this time, there are neither appropriate nor accurate TELRIC based pricing determinations for small rural CLECs, most of which do not, in any event, perform tandem switching.

RICA recognizes that as a long-term matter, the evolution of the market and technology may make per minute charges no longer appropriate. The capacity charging plans of Home Telephone/PBT and the EPG thus deserve serious consideration. RICA does not agree, however with Home Telephone/PBT proposal to reject the calling party pays principle. It is not clear how rural CLECs would be treated under these plans.

NASUCA's proposal to begin the process of unifying state and federal rates by dropping interstate rates substantially, would simply exacerbate the problem of bringing interstate and intrastate access into the same range. The further proposal to leave states to their own devices to achieve unification in the real world will simply mean that it will not happen.

The NARUC Task Force draft's alternative proposal to eliminate originating access and base access charges on forward looking costs should not be adopted. The alternative in the NARUC to retain originating charges is better justified. NARUC does

not explain how it would determine forward looking costs for small rural carriers, or how such determinations relate to its proposed specified charges. NARUC also would inappropriately limit rural CLEC charges to ILEC charges.

Finally, the Commission should reject the Western Wireless proposal to impose a bill and keep plan in combination with a “portable” universal service support plan based on a “unitary” forward looking cost study. It is again unclear how CLECs would be treated by this plan, but it is clear that on a national basis, a very large fund would be needed to keep rates affordable if all access is eliminated by a bill and keep plan. Even if forward looking cost were an appropriate method of determining support, it is also illogical to propose that a single forward looking cost study could be equally valid for wireline and wireless carriers and for rural and non rural carriers.

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COMMENTS OF THE RURAL INDEPENDENT COMPETITIVE ALLIANCE

The Rural Independent Competitive Alliance (“RICA”) submits its comments in response to the Commission’s Further Notice of Proposed Rulemaking in this docket, released March 3, 2005, FCC 05-33 (“FNPRM”). RICA is a national organization representing Rural Competitive Local Exchange Carriers affiliated with Rural Telephone Companies. RICA previously filed comments in this proceeding in August 2001 in response to the original Notice of Proposed Rulemaking.

I RURAL CLECS PROVIDE A UNIQUE PUBLIC BENEFIT WHICH MUST BE ENCOURAGED AND MAINTAINED IN A NEW INTERCARRIER COMPENSATION REGIME

- A. Consumers receive substantial benefits from Rural CLEC “replacement” of large carriers in underserved rural areas.

Despite the existence of hundreds of small rural telephone companies, large portions of rural America are within the historical service territories of Bell Operating Companies (“BOCs”), other large non-rural companies, or the service territory of comparatively very large companies, which are nevertheless classified as “rural” because they meet the

criteria of Section 3(37)(D) of the Communications Act. In many of these rural areas, the large carriers have avoided investing capital to modernize or even adequately maintain communications facilities.

The resulting low level of service, and lack of local contact historically led many residents and businesses in these areas to request service from nearby rural telephone companies. Following the 1996 amendments to the Act, rural telephone companies were able to extend their facilities into the underserved areas. As a result these rural communities now receive not only reliable basic telephone service, but also a wide variety of advanced services including broadband Internet access and video services, as well as a local point of contact. This result is fully consistent with the objectives of the 1996 Act.

RICA member rural CLECs' operations differ substantially from that of urban CLECs in that they are predominately facilities based and seek to serve all customers in a given service area, rather than focusing on high-volume business, or ISPs with high volumes of one-way traffic. RICA members overbuilt the outside plant of the incumbents rather than rely on UNEs or resale because the obsolete and deteriorated status of the incumbent's plant could not be utilized to provide improved service. As a result of offering service substantially superior in both quality and variety, as well as a local presence and solid reputation in the area, RICA members have achieved very high levels of penetration, often in excess of 90%, making them the *de facto* incumbent.

Under the current regulatory regime however, and given the substantial uncertainties as to its future, RICA member rural CLECS are severely limited in their

ability to expand into other underserved areas.¹ RICA members operate in rural areas, which typically have low population densities with the resulting high costs of construction and operation. In order to recover these costs while maintaining end user rates at levels comparable to urban areas, rural CLECs must have adequate additional revenue streams.

Historically, these additional revenues have come from access charges, and, in some cases, universal service support. The current interstate rules for both of these sources of revenues are based on the premises that a CLEC should have no higher rates or support than the incumbent. This philosophy might make sense in urban environments where the CLECs costs are either comparable to the ILECs, or there is no public policy reason why access customers or the universal service fund should support higher costs. This reasoning breaks down however when it is applied to rural CLECs whose costs in the low density area they serve are higher than the large incumbent's *study area average* cost and/or the incumbent's study area average cost is close enough to the nationwide average that it is not eligible for Universal Service Support.

- B. The problems with the present system of intercarrier compensation must be resolved, but new rules must preserve benefits to consumers and avoid undue advantage to incumbents.

RICA agrees that the present system by which traffic exchanged between carriers and other providers of telecommunications are charged different rates, or no rates, for substantially identical usage depending on the regulatory status of the call or of the other service provider, is not sustainable. Similarly, the obligation to contribute to the

¹ The Commission's Rules provide that CLEC may not file tariffs for switched access in excess of the rate of the competing LEC, except that rural CLECs competing with non-rural ILECs may file at the NECA rate. 47 C.F.R. 61.26 (b) and (e).

Universal Service Fund cannot continue to be avoided by some service providers on the basis of claims of non-carrier status or other excuses where the service competes with services that do contribute. The Commission must address promptly the avoidance of lawful charges and contribution requirements by such means as removal of artificial distinctions within its jurisdiction and prohibitions on removal of information, which identifies the point of origin of a call. In the longer run it is probably necessary to move toward unification of all intercarrier rates.

Rate unification, however, does not mean rate elimination. Substantial undisputed information already in the record demonstrates that for high cost rural companies, shifting all or a major portion of cost recovery from access to end user charges will result in rates in rural areas that are neither comparable nor affordable.²

II APPROPRIATE LEVELS OF ACCESS REVENUES AND UNIVERSAL SERVICE SUPPORT FOR RURAL CLECS CANNOT BE DETERMINED BY REFERENCES TO RATES OR SUPPORT LEVELS OF THE LARGE INCUMBENTS WITH WHICH THEY COMPETE

- A. Rural CLECs Typically Operate In Areas Of Substantially Lower Density and Higher Cost Than The Averages of ILECs With Which They Compete.

As explained in Section I, above, RICA member rural CLECs have extended the tradition of high quality, advanced services under local control from their affiliated rural telephone company into neighboring rural areas long ignored and underserved by large ILECs. They have managed these substantial improvements in communications to their rural neighbors only with difficulty under the present rules, which do not allow them to price access services on the basis of their cost and tie their support levels to that of the

² National Telephone Cooperative Association, *Bill and Keep; Is it Right for Rural America?* Attached to letter from Scott Reiter, Sr. to Marlene Dortch, March 10, 2004.

competing ILEC. For rural CLECs, at least, these restrictions represent fundamental fallacies in the present system which must be corrected in a revised Inter-carrier Compensation mechanism.

Public Utility regulation has long recognized that failure to allow regulated entities sufficient revenues to allow them to invest in facilities required to provide service harms customers because the services they demand ultimately become unavailable. The lack of adequate service in many rural areas until RICA members entered following the 1996 Act can be attributed, in part, to historical regulatory practices requiring state wide averaging of rates and universal service support calculations.³ Competition in these rural areas is therefore materially different from that in urban areas, and this difference should be recognized in regulation.

B. In Rural Areas, there is no logical or policy basis to tie support to limits on ILECs.

RICA has explained at length in the “portability” phase of CC Docket 96-45 why it is both illogical and bad public policy to regulate rural CLECs as if they were the large ILEC with which they compete.⁴ It is one thing to determine that for urban areas it is not good policy to allow CLECs to file tariffs for rates in excess of the incumbent’s rates or to provide universal service in an area where an incumbent would not qualify, even if the CLEC’s costs were higher.

³ Regulation was not the only factor leading to the neglect of rural areas, large company management had many practical and financial incentives to focus their efforts in the urban areas where their customers are more concentrated, their large customers tend to be located, and the competition for those large customers is intense. By contrast, rural CLECs and their rural ILEC affiliates are generally under local ownership and control which means that management is focused on the needs of the rural communities.

⁴ See, e.g. *Federal-State Joint Board on Universal Service*, CC Doc. No. 96-45, RICA Comments, May 5, 2003, RICA Reply Comments, Dec. 14, 2004.

The urban setting, however, represents the reverse of the averaging process described above. In the urban setting the service quality and rates of the ILEC and CLEC are likely to be more comparable. In that situation, providing a revenue stream to the CLEC not available to the ILEC could tilt the competitive advantage unnecessarily. In the rural areas, however, where CLECs have over 50% and often over 90% market share, the dynamic is simple replacement rather than a struggle for market share basis points. In these circumstances in rural areas CLEC's should be allowed to tariff rates based on cost.

III NONE OF THE PROPOSALS IN THE NPRM ADEQUATELY ADDRESS THE INTERCARRIER COMPENSATION CONCERNS OF RURAL CLECS.

A. The Principles Endorsed by the Rural Alliance Should Be Extended to Rules Applicable to Rural CLECS.

The Rural Alliance has endorsed principles that include unification of intercarrier rates based on embedded costs, entitlement of network providers for compensation for use of their networks by others, offsetting revisions to universal service support mechanisms, retention of existing interconnection rules, and assured access to IP backbone providers.⁵ RICA can support these principles as providing a sound reference point for revision of the intercarrier compensation regime. However, rural CLECs cannot be ignored when the principles are translated into specific requirements.

For example, the current rules, and most of the proposals would establish rates for CLECs based on the competing ILEC rates. But rural CLECs have exactly the same need as rural ILECs to recover an adequate proportion of their costs through revenue sources other than end-user charges. If access charges are substantially reduced, end-user charges

⁵ Letter from Glenn H. Brown to Marlene H. Dortch, May 3, 2005 attaching *Presentation of the Rural Alliance to the SBA ICC Roundtable*, at 9.

must necessarily grow to unaffordable levels. However, if a reasonable level of access revenues are maintained, and other sources such as universal service support are available, rural CLECs can continue to provide the benefits to rural subscribers denied them by large companies.

The principle of assured access to IP backbone providers is of particular interest to rural CLECs as the Commission considers proposals to merge the two largest ILECs, with which many members compete, and the two largest interexchange carriers (“IXCs”), each of which is also an important backbone provider. The somewhat larger related principle is that the Commission must address the relation of IP based services to its access charge rules.

Although many RICA members themselves are or are investigating the offering of such services to their subscribers, RICA does not support exempting VOIP calls which originate or terminate on the Public Switched Network from the obligations to compensate the owners of the local network, or to contribute to universal service support. RICA expects there will continue to be substantial migration of traffic to VOIP and other IP based services and away from circuit switch provided services, but such migrations should occur as a result of superior technology and/or economics, not regulatory arbitrage.

B. The ICF Plan Access Rate Proposal for “Covered Rural Telephone Companies” does not cover rural CLECs competing with non-CRTPCs

The ICF Plan would generally reduce access rates to zero, in effect, bill and keep except for a category defined as “Covered Rural Telephone Companies” or “CRTPCs.”⁶

⁶ Letter from Gary M. Epstein to Marlene H. Dortch, October 5, 2004, transmitting *Ex Parte* Brief of the Inter-carrier Compensation Forum, (“ICF Brief”) including

Although this plan recognizes in principle that the rate impacts on rural subscribers of converting access to bill and keep would be too severe, it fails to extend this principle to rural CLECs, even though the underlying economics experienced by small CTRCs and RICA member rural CLECs are identical. Rather, all CLEC switched access rates are reduced to being no higher than the competing ILEC switched access rates in the same area.⁷ Even if rural CLECs were brought under the CRTC rules however, the proposed access levels are too low and would necessitate both excessive increases in local rates (whether called local rates or subscriber line charges) and/or cause the USF to increase to unsustainable levels.

The ICF plan also assumes the Commission can simply preempt state access regulation, based essentially on the theory that the Commission's Section 251(b)(5) jurisdiction extends to all telecommunications traffic without regard to jurisdiction.⁸ The assertion that in 1996 Congress intended Section 251(b)(5) to give the Commission authority to take jurisdiction over all intercarrier communications is inconsistent with the plain focus of Congress and that section to address the then revolutionary concept of local competition. Section 251(g) moreover, rather than support preemption serves rather to exempt access charges from Section 251(b)(5) and does not extend the Commission's jurisdictional authority. The Commission has previously recognized that Section 251(g) should not be read to bring intrastate access traffic under Section 251(b)(5).⁹ As the

Appendix A, *Inter-carrier Compensation and Universal Service Reform Plan* ("ICF Plan"), 19-23.

⁷ ICF Plan at 36.

⁸ ICF Plan, Brief at 28-42.

⁹ *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, First Report and Order, 11 FCC Rcd 15499, 15869 (1996).

Supreme Court has made clear, moreover, regardless of how desirable from a policy perspective a single rule might be, policy concerns do not equate to impossibility justifying preemption.¹⁰ At best, preemption of state access without Congressional blessing would lead to a protracted period of litigation with the accompanying expense and uncertainty.

The ICF plan would create two new support mechanisms: the Intercarrier Compensation Recovery Mechanism (“ICRM”) for non-CRTCs and the Transitional Network Recovery Mechanism (“TNRM”) for CRTCs.¹¹ ICRM support would be available to CLECs at the same per line support as the ILEC.¹² Likewise, CLECs that are Eligible Telecommunications Carriers (“CETCs”) can receive the same amount of TNRM support per line as the ILEC, but apparently only if it has lost access revenue under the plan.¹³ The ICF Plan thus fails to make adequate provision to protect subscribers of rural CLECs from excessive rate increases upon unification of access rates.

C. The CBICC Plan Properly Rejects Bill and Keep, but its proposal to base access rates on TELRIC is unacceptable for rural CLECs.

CBICC, representing several large urban CLECs, provides a concise and well reasoned argument against the adoption of any of the various Bill and Keep proposals and concludes the ICF plan is designed to protect ILECs but not CLECs or CMRS providers.¹⁴ CBICC also recognizes, at least in situations involving three or more

¹⁰ *Louisiana PSC v. FCC*, 476 U.S. 355, 374-375 (1986).

¹¹ ICF Plan at 69.

¹² *Id.* at 72.

¹³ *Id.* at 74. The ICF proposes that the Commission hold a proceeding to decide if a CETC that has not lost switched access revenue under the plan should receive TNRM support.

¹⁴ CBIC at Tab A

carriers, that the retail carrier serving the end user should compensate all other carriers whose networks are used to complete the call. RICA agrees with this point as well.

Other aspects of CBICC's proposal are also sound, such as retention of the existing interconnection rules and recognition of the current problems caused by stripping of calling party information from calls.¹⁵ No carrier should be required to terminate calls that it is unable to bill. RICA also agrees with CBICC that VOIP traffic originating or terminating on a carrier's circuit switched facilities should not be exempt from access charges.

RICA does not, however, endorse CBICC's proposal to move all intercarrier compensation to the "blended TELRIC rate for tandem switching." This proposal would not produce an adequate level of compensation for rural carriers, and would continue the irrational practice of tying CLEC access rates to large company costs. The most accurate and readily ascertainable cost for rural CLECs is their embedded cost as reflected on the books of account. Even if a forward looking approach were acceptable, for rural CLECs, there is generally no established TELRIC or any other measure of forward looking cost.

D. The Capacity Based Pricing Proposals in the Home Telephone Company/PBT Telecom and Expanded Portland Group Proposals Deserve Further Exploration as Long Run Alternatives.

When the settlements system was converted to access charges in the 1980s, most long distance service was billed on a distance sensitive per-minute basis. Today, a substantial and growing amount of such traffic is now provided under various offerings which significant or unlimited calling on a monthly basis. While conceptually, a month is simply a longer period of time for measuring usage than a minute, there are important

¹⁵ CBIC at 3.

real world consequences from this change in the market which are increasingly putting the wholesale pricing of access out of synchronization with the retail pricing of service. Assuming for this discussion, that it is the proper role of regulators to prescribe rate structures as opposed to levels, and that regulators can be sufficiently and continuously informed of market developments, then this major trend in retail pricing of telecommunications must be recognized and accommodated in future rules at some point. RICA's preference, however, would be for rules, which permit carriers, including rural CLECs, to select and tariff their own rate structures.

The Home Telephone and PBT Telephone Plan ("Home/PBT") rejects "calling party pays," accepts the concept that both parties benefit from a call as explained in a 2000 OPP paper by Patrick DeGraba, but rejects his conclusion that bill and keep is the answer in the real world where neither costs nor traffic volumes are roughly equal.¹⁶ Although RICA does not agreed that the principle of calling party pays or, stated differently, retail carrier pays needs to or should be abandoned, Home/PBT's point that where there are two parties to a call, it is proper to seek some balance between the cost recovery assigned to each party is closely related to the long recognized principle that regulation should recognize "externalities" when determining cost recovery.

Home/PBT proposes that each carrier should asses a "connection charge" to all other carriers interconnected to it, through at least one point of interconnection within each LATA, based on a DS-O level of connection, while minute of use charges would be eliminated. After increasing subscriber line charges up to an established cap, carriers would be eligible to recover costs from a High Cost Connection Fund ("HCCF"). The

¹⁶ Home/PBT at 11.

HCCF in turn would be funded through assessments on each carrier receiving numbers from the NANP Administrator.

The Home/PBT plan does not discuss how it would be applied to CLECs in general, or rural CLECs in particular, but appears to be focused only on ILECs because it assumes state regulation and federal SLC charges are applicable. It is not clear whether the plan could be modified to include rural CLECs. Nevertheless, and despite the common plea of all plan sponsors that their ideas not be considered piece meal, RICA recommends further study of the concepts of capacity based intercarrier charges and number based funding of support mechanisms, in particular.

The Expanded Portland Group (“EPG”--now part of the Rural Alliance) originally proposed a three step process in which anomalies in the existing rules would be resolved immediately, followed by creation of an Access Restructure Charge to recover shortfalls above a benchmark resulting from moving intrastate access to interstate levels. In its third stage, the EPG proposed converting per minute charges to a capacity based system, based on “Port” and “Link” charges.¹⁷ Whether or not this would be the optimal means to restructure rates to recognize both the change in retail rate structures described above, and the growth of IP based services, RICA agrees with the concept that the Commission should first deal with the anomalies in the current system, while continuing to explore whether alternative access rate structures, or whether such structures must be prescribed by the Commission.

E. NASUCA’S Proposal to Minimize Rate Disparities Through Reduction in Federal Access Charges Would be Self Defeating

¹⁷ Letter from Glenn H. Brown to Marlene Dortch, Nov. 2, 2004, attaching Expanded Portland Group, *A Comprehensive Plan for Intercarrier Compensation Reform*.29-33.

NASUCA correctly recognizes that carriers should be compensated when another carrier uses their network and that the current interstate/intrastate rate disparities encourage arbitrage. Unfortunately NASUCA then goes on to propose to exacerbate the problem by reductions in federal charges, which would make rate unification even more difficult than it already is.¹⁸ States would be left to their own devices to bring state access rates down to the new lower interstate rates. NASUCA also fails to discuss how its plan would apply to CLECs in general or rural CLECs in particular.

F. NARUC's Task Force Draft's Alternative Proposal to Eliminate Originating Access and unify terminating access on the basis of forward looking costs should not be adopted.

NARUC's Task Force Draft proposes to set access rates at forward looking costs, alternatively to eliminate originating access or set the rate at two-tenths of a cent per minute, and to limit all CLECs to terminating charges no greater than the ILEC serving the same area.¹⁹ The NARUC Draft also proposes changes in Universal Service funding for rural ETCs, but it is not clear whether it intends to include rural CLECs within those changes. The elimination of originating access responsibility only makes sense where the local carrier is also the retail provider of all outgoing traffic, which is certainly not the case today, and not likely to be the case in the near future in the areas served by rural CLECs and ILECs.

The forward looking cost proposal of NARUC, and others, would necessarily lead to more arbitrary and inconsistent results in the pricing of access. NARUC does not

¹⁸ NASUCA at 1

¹⁹ Letter from J. Bradford Ramsey to Chairman Martin, May 18, 2005, attaching *Revised Task Force Proposal—May 17, 2005 Version*.

explain how an accurate determination of the forward looking costs in relatively small rural areas can be determined. The Rural Task Force concluded that the Commission's Consensus Model produces widely divergent answers, both over and underestimating costs. Inaccuracy is inherent in the concept of forward looking costs for at least two reasons: first in the real world, carriers with large capital investments rarely replace their entire plant every time there is a change in technology, rather they adapt and evolve. Second, the degree of judgment involved in estimating what costs would be to construct facilities using the most efficient technology available today will vary much more widely than the judgments involved in establishing embedded costs. However costs are determined, rural CLECs should be able to establish their own costs. Finally, it is not clear how, or whether the NARUC Task Force applied some forward looking cost methodology to determine the specific recommended prices.

G. Western Wireless

Western Wireless proposes to move to a bill and keep system backed up by a "unified" high cost support mechanism that calculates support based forward looking costs, which would still be "portable."²⁰ The bill and keep aspect of the proposal should be rejected for the reasons stated above. In addition, Western Wireless' proposed limit on universal service support to be no higher than necessary to ensure affordable end user rates ignores the well documented fact that such a USF, whatever the cost based, would necessarily be a significantly larger fund than today's. It is also not clear what entities' operations would be used to establish the forward looking cost bases of the new universal service fund. It is well known that wireless and wireline carriers have significantly

²⁰ Letter from David L. Sieradzki to Marlene H. Dortch, Dec. 1, 2004, attaching *Western Wireless Intercarrier Compensation Reform Plan*.

different cost structures, and there is no apparent methodology to combine them in a manner that would be accurate for either. In any event, the Commission should move away from portability, not enshrine it.

**IV CONCLUSION: NO PLAN YET PROVIDES A SATISFACTORY
RESOLUTION OF ALL OF THE ISSUES IN GENERAL; NONE
PROVIDE FOR RURAL CLECS**

In these Comments, RICA has demonstrated that for all the immense effort that many parties have devoted to a comprehensive solution, all have inadequacies in either design, result or legal sufficiency in general and none would permit the customers of rural CLECs to continue to receive quality service at reasonable rates. The result instead would be the return of rural subscribers to the not so benign neglect of the large carriers that will keep them from participating in the digital world.

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